Final Transcript

HUD - US DEPT OF HOUSING: Discussion by CFPB, FHFA, HUD, VA and USDA of Their Forbearance Options - External

March 22, 2021/1:00 p.m. CDT

SPEAKERS

Virginia Holman (Ginger) – SF Housing Specialist, HUD
David Berenbaum – Deputy Assistant Secretary, Office of Housing Counseling, HUD
Rob Weber – Housing Program Specialist, Office of Housing Counseling, HUD
Richard Kane – Deputy Director Loan Services, USDA
Lori Bowes – Senior Policy Analyst, Office of Housing & Regulatory Policy, FHFA
Ben Yanetta – Housing Program Specialist, HUD
Jane Charida – Director, Multifamily Program Center, HUD
Victoria Arnoldi – Member, Central Office Loan Guarantees Service Team, Dept. of VA
Mark McArdle – Assistant Director, Office of Mortgage Markets, CFPB

PRESENTATION

Moderator Ladies and gentlemen, thank you for standing by and welcome to the Discussion by CFPB, FHFA, HUD, VA and USDA of Their Forbearance Options conference call. At this time, all participants are in a listen-only status. [Operator instructions]. As a reminder, today's conference is being recorded.

I would now like to turn the conference over to our host, Virginia Holman. Please go ahead.

Virginia Thank you very much and welcome, everybody, to today's really important and very popular webinar on various forbearance options and resources by some of our major players in the field. But before we get going, I want to give you some logistics.

As the operator said, the audio is being recorded. We will be posting a playback number, a PowerPoint and a written transcript on HUD Exchange, and that usually takes about a week to get posted. I did send out the handouts this morning and they're also available for download in the control panel on the right-hand side of your screen. You just click on the name and you can download it.

We will be having question and answer periods. We're not going to have an open discussion line, so we're going to take them only in writing. But what we'll do—hold on a second. This is where we'll ask you to submit your questions in the question box, again on the panel on the right-hand side of your screen. And when you write your question, please say which agency you're asking the question of so that the moderators of the questions can get it to the right people.

We're going to take questions after CFPB's presentation, just for that agency, and then we'll have another session after the rest of the group speaks. We're going to give you as much time as we can to take the questions, but please try to make sure your questions are relevant to the topics of the webinar today, because we have so many people, we want to make sure all those questions get answered. But afterwards, you can also send your questions and comments to housing.counseling@hud.gov and just put the webinar topic in the subject line so we get it to the right people. I know the other presenters will also be giving you emails for you to ask certain questions.

If you've logged onto the webinar, you're going to receive a certificate of training from GoToWebinar, and that usually takes about 48 hours. You'll need to print it out and save it for your records. As I mentioned, we will be posting the materials in the webinar archives on HUD Exchange.

Just as a note, any time in the future where you want to take one of our webinars, just to go the webinar archives, pick one and then you can get credit for taking it. You just hit that green button and you'll get credit in the HUD Exchange page.

I know a lot of have learned about this training through our training digest as well as a number of other marketing locations, but you just might want to get used to visiting our training digest again on HUD Exchange. It gives you the upcoming training by HUD and by our various partners.

We want to have a better feel for who we're talking to today, so we have a slight poll.

W Ginger, should the slides be moving?

Virginia Yes.

W Okay. The slides are not moving, so I apologize for the interruption.

Virginia Are they moving for anybody else?

W No. We're getting a lot of questions about should they be moving.

Virginia Well that's a really odd idea. I knew something would go wrong.

M Ginger, are you logged out of VPN?

Virginia I'm not on VPN. I'm on my personal computer.

M Okay.

W Can Ben advance the slides?

Virginia Sure. Ben?

Ben Absolutely. Let me pull up the webinar myself and I will share my screen instead.

Virginia Okay. It looks like we're having a technical difficulty so we're going to change presenters, so hopefully the slides will move at that point.

Ben Okay. Is that any better for people?

W Yes.

Ben Alright. Let me close out my—okay, so I believe we're trying to launch the polling question at this point. And, honestly, I've not done that before so let me get over here and launch that poll. We'll just give it a moment or two for everybody to vote. I know we have a big audience so we'll be waiting for a moment or two while everybody's able to select their answer.

While we're waiting, I just wanted to mention since we weren't able to see the slides before, I wanted to draw your attention over to the control panel on the right. That's where the questions box is, and you can type your question in there and we'll either give you a private text response or we will save your question to hopefully get to the presenters.

Again, we don't have enough time to get to everybody, but we will try our best. And if you don't get a response, you can always follow up with us directly or with the contact information from any of the agencies presenting today that you wanted to ask your question to directly. But if you send it to us at housing.counseling@hud.gov you will get a response from us and we will also be able to forward your response to somebody that can have the best answer for you. Alright?

We have about three-quarters of you having responded, so I'm going to close the poll at this time. Does that get shared, Ginger? I apologize. I'm not sure how the poll part of it works. Is that being shared publicly with the presenters—or excuse me, with the audience? No? Okay.

Well, we will move along. I would now like to turn it over to David Berenbaum, who is the Deputy Assistant Secretary for the HUD Office of Housing Counseling. David, the floor is all yours.

David Thank you so much and thank you to everyone for joining us today. I am going to take a moment to share the poll results. Thanks to everyone for participating. So today we have a very large number of housing counselors or housing counseling agency staff with us. Thank you. We also have a sizable group of lenders and real estate professionals as well as others from various aspects of housing finance. So thank you all for joining us today.

For those of you who don't know me, my name is David Berenbaum and I'm the Deputy Assistant Secretary for Housing Counseling at the United States Department of Housing and Urban Development. HUD's Office of Housing Counseling is pleased to partner with the Consumer Financial Protection Bureau and each of our federal sister agencies to present this discussion by the CFPB, FHFA, HUD, VA and USDA regarding their forbearance options and resources that are available for housing counselors as well as other service providers.

The financial impacts of the COVID-19 pandemic continue to affect the housing stability of our nation's homeowners as well as tenants. During this unprecedented national emergency, HUD approved housing counseling agencies and the counselors they employ continue to play a critical role helping struggling homeowners understand their options for immediate relief from the worries of foreclosure. Frankly, all of you joining us today are part of that very important safety net to ensure sustainable home ownership.

Housing counselors are a trusted professional and unbiased resource for homeowners who need assistance navigating their options. As you know, the housing counseling industry played a critical role during the great recession, helping homeowners navigate their mortgage relief options and prevent foreclosure. Once again, housing counselors are stepping up to the challenge during the pandemic.

Our goal today is to provide timely information and resources to help housing counselors and all of our providers with us today who have joined us in all of your efforts. Today's webinar will be an overview of the recently extended and expanded mortgage forbearance protections and loss mitigation options. These updates will be presented by representatives from each of the major mortgage regulatory agencies. The Consumer Financial Protection Bureau will also present data analysis of borrowers in delinquency, in forbearance, exiting forbearance and other recent market information.

I'd like to introduce our discussion panelists, each of whom are well-respected as experts in their respective fields. First, Nora O'Reilly, who is a financial analyst in the Office of Mortgage Markets at the CFPB. Nora works with the Market Monitoring team to track trends in the mortgage market and provide market research and insights to other offices in the CFPB. Outside of monitoring, her primary responsibilities include housing research as well as forbearance outreach.

Lori Bowes is a Senior Policy Analyst on the Servicing Policy team with the Office of Housing and Regulatory Policy at FHFA. Lori works with others on the team to oversee the enterprise's loss mitigation policies and to monitor service and performance. She also co-leads the single family reference rate transition. Lori has held previous positions at FHA related to the capital supervision of Fannie Mae and Freddie Mac and has covered such issues as risk-based capital, the modeling of operational risk and mortgage performance.

Rob Weber is a Housing Program Specialist in HUD's Office of Housing Counseling. He is a HUD-certified Housing Counselor and specializes in CARES Act and subsequent COVID-19 housing relief programs. He'll be giving an overview of the recent changes to HUD FHA's forbearance and loss mitigation waterfall.

Richard Kane is the Deputy Director of Loan Servicing branch for the USDA Rural Development Single-Family Housing Guaranteed Loan program. In his position at USDA he is responsible for building relationships with their mortgage servicing partners and providing clear direction around loss mitigation in an effort to reduce risk and decrease foreclosures across the portfolio. Prior to working for USDA he spent seven years working for Fannie Mae on Treasury's Making Home Affordable Program.

Victoria Arnoldi started her career with the Department of Veteran Affairs 17 years ago, and currently serves as a member of the Central Office Loan Guarantees Service Team. In her role, Victoria assists with the formulation of policies and procedures related to loan servicing, regulatory oversight, loan termination and guarantee claim payments. Victoria also works closely with the eight regional loan centers and mortgage services to deliver program information.

Housing counseling agencies play a critical role in helping homeowners impacted by COVID-19 understand and access mortgage relief options. And to each of you, thank you for all that you're doing to support our neighbors and the nation's housing needs during this challenging time. We hope that you'll find this program beneficial, and once again we remind you it will be on-demand on the HUD Exchange afterwards.

Let's get started.

Nora Thank you so much, David. Next slide, please. First of all, I'd just like to reiterate what David and Ginger were saying. Welcome, all to our webinar. We've had outstanding interest today and we're excited to provide information about forbearance protections and resources to assist homeowners.

The primary audience for this information is housing counselors and other housing intermediaries who work with homeowners. But as we saw in our poll we have a fantastic, really diverse group of stakeholders on with us today and we hope you all find information here that is helpful to you.

For the homeowners that we have on the call, again, I hope that you find information here that helps you with your specific situation. But before we get started I'd like to flag just a few resources that are out there for you that will really be great in helping you figure out and navigate your own mortgage relief during the pandemic.

So the first I'd like to highlight is CFPB's Housing website and you can find this at consumerfinance.gov/housing. You can find all sorts of information here on mortgage relief and also rental assistance, information about what you're eligible for, how to request relief, what to know while you're in forbearance, and much more, so I definitely encourage checking out this site.

The next resource, as David was mentioning, is housing counselors, and you can find housing counselors at hud.gov/findacounselor. Housing counselors are excellent resources for helping you navigate housing assistance and they can assist you at no cost.

Then our next thing that you can do is you can contact your servicer. So your servicer is the person who services your mortgage, and this person is going to have the most specific information about the protections that apply to you. For information about how to find your servicer and contact them, the consumerfinance.gov/housing site is a great resource.

And then finally, if you're having an issue with a company and you're having problems getting a response from them, we suggest that you submit a complaint about the company at consumerfinance.gov/complaint and we'll route your complaint to the company, and you'll typically get a response within 15 days. So with that, let's get started. Next slide, please.

Today I'll review the basics of forbearance protection, some of the recent market data and the target populations that CFPB has in mind when we're doing forbearance outreach, and then I'll give an overview of the various CFPB resources that are out there for navigating forbearance.

One last thing before we get started. I'd like to say that I am a representative of CFPB, but this does not constitute legal interpretation, guidance or advice of CFPB. Any opinions or views that I state are my own and do not represent the bureau's views necessarily. Next slide, please.

The first thing that I will go over is forbearance protections under the CARES Act. There are two main types of protections offered by the CARES Act for homeowners with federally or government-sponsored enterprise or GSE-backed mortgages and GSEs refer to Fannie Mae or Freddie Mac. For context, about 70% of the market is federally or GSE-backed, so the CARES protections mentioned here extend to about 70% of the market.

Let me also say that the deadlines I'm about to go over are the current deadlines, and throughout the pandemic the deadlines have changed quite a bit. So the best way to stay on top of the deadlines is again you can check our website. We're constantly updating them as things change and we'll try to have the most recent information about relief there.

The first protection pertains to foreclosures. For loans backed by the federal government, or GSEs, a lender or loan servicer may not foreclose until after June 30 of 2021. The second protection pertains to forbearance. Forbearance is a temporary pause or decrease in a borrower's monthly payments during which borrowers will not face many of the negative repercussions that they would normally face during a delinquency. These include things like risk of foreclosure or negative impact on their credit score.

Under the CARES Act, these borrowers have the right to request and obtain a forbearance for up to 180 days and an extension of that for an additional 180 days for up to a total of 360 days. So recent extensions have allowed borrowers to request up to two additional three-month extensions for up to a maximum of 18 months of total forbearance. However, eligibility for these two three-month extensions depend on when the borrower started their initial forbearance.

For borrowers with mortgages backed by Fannie Mae or Freddie Mac, also known as the GSEs, they had to start their initial forbearance by February 28th of 2021 in order to be eligible for these two three-month extensions. For borrowers with mortgages backed by FHA, VA or USDA, they had to start a forbearance plan by June 30th of 2020 to be eligible for the extensions. In general, not all borrowers will qualify for the maximum and the best way to know what a borrower qualifies for is by checking directly with their servicer.

The last deadline to be aware of here is the deadline to request an initial forbearance. For mortgages backed by FHA, VA and USDA, there's a March 31, 2021 deadline to request an initial forbearance, so borrowers that are struggling should request their forbearance immediately. Currently, there's no deadline for GSE borrowers to request their initial forbearance.

One last thing I'd like to mention here is that even for loans that are not covered by CARES, so for that other 30% of the market, many private servicers offer similar forbearance protection. So you should always check directly with the servicer to see what's going to be available to you. Next slide, please.

I'd also like to talk a little bit about the protections offered to reverse mortgage homeowners. Under the CARES Act and HUD guidance there are protections for homeowners with Home Equity Conversion Mortgages, or HECMs, which are the most common type of reverse mortgage.

The first type of protection is, again, about foreclosure. And so just like for homeowners with regular mortgages, homeowners with HECMs may not be foreclosed on until after June 30th of 2021.

The second type of protection pertains to when a lender or loan servicer can call a reverse mortgage due and payable. So normally homeowners with HECMs have responsibilities like paying property taxes and homeowners' insurance on time, and if the homeowner fails to meet these obligations the lender or loan servicer can call a loan due and payable, which means that it might be in default and could be foreclosed upon. It can also be called due and payable if a reverse mortgage borrower passes away.

However, during the pandemic, HECM borrowers can ask lenders or loan servicers to delay calling the loan due and payable for up to six months, with an additional six-month extension if it's necessary. And homeowners who apply for their initial extension by June 30th of 2020 might be eligible for up to two additional three-month extensions.

It's also worth noting that the eligible non-borrowing spouse or heirs can ask the lender or loan servicer for the above extension in the case that a reverse mortgage borrower passes away. Again, the final deadline to keep in mind here is the deadline to request an initial extension, which is June 30th of 2021. I know that these deadlines have been a lot to keep track of, and again our website, consumerfinance.gov/housing, is a great place to regularly check for updates, with concise information about the deadlines you need to be aware of.

One last thing I'd like to flag here is that in the recent American Rescue Plan the stimulus package included $9.9 billion set aside for a homeowners' assistance fund. I know that many attendees might have questions about that today. That will be distributed through State Housing Finance agencies and those are a good place to keep checking over the next few months as that money continues to be distributed. Next slide, please.

Now I'm going to discuss what recent market data can tell us about the state of forbearances. Since the beginning of the pandemic, around 6.9 million homeowners have entered a forbearance plan, but as of early March only about 2.7 million remain in forbearance, so only about 40%.

As you can see in this chart in the table below it though, these forbearances are not evenly distributed across investor category. So as you can see, the blue line is indicating that there are more loans that are backed by FHA and VA in forbearance than are backed by the GSEs, otherwise known as Fannie Mae and Freddie Mac, which are the green line. Then the table below offers further insight there where we can see that around 9% of FHA and VA loans are in forbearance compared to only about 3% of Fannie and Freddie loans. Next slide, please.

The next piece of recent market data that is helpful to us is information about how people have been exiting forbearance. So generally there are a couple of different ways that you can exit a CARES Act forbearance. Some people have stayed current throughout their forbearance and have continued to make their payments despite being in forbearance. This is represented by the blue slice on this pie chart.

Some people have had the money to repay their missed payments in a lump sum which is also known as a reinstatement at the end of their forbearance period. While many have chosen to do this, I'd like to be clear that this is not a requirement under the CARES Act and people with CARES Act forbearances will have other options other than a lump sum payment when they reach the end of their forbearance.

Others opt for payment deferrals or partial claims, which is when you move the missed payments to the end of your loan. And then others will opt for a repayment plan, which is paying your normal monthly payment and then a little bit extra until your forborne amount is paid off.

And then the final common option is a loan modification which modifies the terms of the forbearance—or sorry, modifies the terms of a loan to a lower and more affordable amount. So as you can see, the pie chart here is showing the status of all the loans that have exited forbearance when they exited, and about 4.2 million have exited as of late-February, since the beginning of the pandemic, and of those borrowers most have either deferred their missed payments to the end of their loan, made a lump sum payment or remained current throughout their forbearance. However, it's worth nothing that as time has gone on, more and more have chosen the deferral or partial claim or the loan modification option, indicating that those who are staying in forbearance longer are experiencing more financial difficulties.

One last thing I'll note here is that these exit options or these ways to make up your missed payments are often referred to as loss mitigation. Next slide, please.

There are two major segments of borrowers that we at CFPB are keeping an eye on and are concerned about during forbearance. The first is the group of borrowers who are behind on their mortgage payments and have not yet received forbearance though they might be eligible, and this is represented by the gray slice of the pie chart on this slide. And so we can see that about 14% of all mortgages that are delinquent starting after the pandemic are not yet in any sort of forbearance plan. It's important to note here, this pie chart is only including those who went delinquent after the pandemic started and not those who were already delinquent before.

So this is about 300,000 borrowers, and the good news is that we've seen that servicers are fairly successful at reaching out to borrowers who go delinquent and getting them into forbearance plans before they become seriously delinquent. But ideally we'd like to reach these borrowers before they go delinquent at all, because even just a month or two of forbearance can have a negative impact on their credit score.

Also, I'd like to note that we know that there are people beyond these numbers that are likely cutting back on other finances, potentially going delinquent on other loans also that they can make their mortgage payment. We'd like to reach these people as well because forbearance is a safe and responsible way to receive financial relief and we'd like to help them take advantage of it. Next slide, please.

The second major group that we're keeping an eye on at CFPB is the borrowers that are exiting forbearance but aren't making any sort of arrangements to pay back the missed payments during their forbearance period. This is represented by the red slice on this pie chart, which the overall pie chart is the current status of all COVID-19 related forbearances.

So you can see that about 3% of all COVID forbearances have exited forbearance but are not in any sort of workout plan to make up those missed payments, or in other words, don't have any loss mitigation in place. This represents around 171,000 borrowers, and these are people that we want to get help to as soon as possible.

It's also possible that some of these borrowers are people who missed the opportunity or failed to request an extension to their forbearance when their first round of forbearance was expiring. So this just really emphasizes the fact that borrowers need to be really active about monitoring their forbearance and knowing that they need to request their forbearance, they need to request their extension and they can't expect to be automatically put into their initial forbearance or into an extension.

As you can see though on this chart, most forbearances have either returned to making payments, which is indicated in the green slice here, or are still in some sort of forbearance, which is indicated by the blue and teal slices on this chart. Next slide, please.

Those are the broad groups that we're interested in reaching on forbearance. But in terms of finding these consumers, we're encouraging people to reach out to the communities that have been hit hardest by the pandemic. These include Hispanic, black and Native American communities. This includes people who are working in industries like leisure and hospitality and other industries that have been particularly hard hit by the pandemic, also consumers with lower incomes and also borrowers with FHA loans. We know based off of the first chart that we looked at today that FHA borrowers are faring far worse than GSE borrowers and we know that FHA makes up a large percentage of lending to lower income and minority borrowers, so this is a group to also focus on.

Also, as you can see on this map, certain states have experienced more housing hardships during the pandemic relative to others. This map shows a housing hardship index ranking based off an index that includes both unemployment rate and also delinquency rate. As you can see, states like Hawaii, Nevada, Louisiana, Mississippi and Rhode Island have had a particularly hard time with housing during the pandemic, and these states face a variety of different issues. Some of these are states that have large tourism industries and other states are those that were already struggling before the pandemic and the pandemic has really compounded some of the acute difficulties they face. Next slide, please.

So relatedly, we've also noticed that awareness levels about different mortgage relief varies across groups, and in particular groups that have been hit harder by the pandemic have reported lower awareness levels of the relief options that are available to them. As you can see in the below data, rural and lower-income mortgage borrowers were more likely to be unfamiliar with relief options as well as Hispanic and black borrowers were more likely to be unfamiliar, and this is compared to their white and Asian counterparts and their higher-income and urban counterparts.

So it's important to note that this data is from August of 2020, so hopefully some of these gaps have been mitigated at this point as outreach has improved. But nevertheless, it's important to keep in mind as we continue so that we try to meet communities where they are meeting their specific needs and understanding them in order to facilitate an equitable recovery from COVID-19. Next slide, please.

It's also important to know the truth behind the common misconceptions about forbearance. The first common misconception that we've heard is that people think that forbearance always ends with a lump sum payment. So under the CARES Act, homeowners who receive forbearance are not required to repay their skipped payments in a lump sum once the forbearance period ends and they'll have other options available to them. And again, though this same protection doesn't necessarily apply to non-

CARES Act loans it's worth checking with your servicer to see what other options might be available to you even if you don't have the CARES-covered loan.

The second common misconception that we hear is that people think that servicers would be very difficult to reach and they'll ask for proof of hardship. So now that we're about a year into the pandemic, many mortgage servicers have increased their capacity to respond to customers and really improve their customer serviceability, so this is proving to be less of a problem. It's also worth noting that for federally-backed loans mortgage servicers cannot ask you for proof of purchase.

The next common misconception is that borrowers just can't afford to get help. And again, this is going to be a resource we mentioned several times today, HUD-approved housing counselors provide their services to borrowers, potentially even in numerous languages, at no cost. And again, this is a great piece of the effort to meet consumers and borrowers where they are and really cater to their specific situation.

One final misconception I'd like to mention is that people think that taking forbearance will hurt your credit score. So under the CARES Act forbearance should not hurt your credit and if you're current going in you'll continue to be reported as current. However, it's really important to remain in contact with your servicer throughout your forbearance and make arrangements to make up your missed payments once you exit forbearance, because if you exit forbearance without making those arrangements you could see a negative impact on your credit. Next slide, please.

Now, I'm going to move on from the data and the forbearance basics to discuss some of the resources that CFPB has to help navigate your finances and forbearance. The bureau has set up a general COVID-19 page at consumerfinance.gov/coronavirus, and we have a variety of different resources here: information about mortgage relief and assistance for renters, managing your finances during the pandemic, how to avoid scams, how to get help as someone with a small business, as well as links to other federal agencies and their resources that touch on a variety of different other assistance programs during the pandemic.

I'll also take a minute here to again emphasize CFPB's complaint system. So we first encourage consumers to reach out directly to a company if they're having an issue. But if they're struggling to get a response from them, they can submit a complaint to consumerfinance.gov/complaint and we'll send the complaint along to the company and they'll get a response usually within about 15 days. Next slide, please.

We also have a specific page on housing. We set up this page at the beginning of the pandemic in collaboration with FHFA, HUD, VA and USDA, the other agencies who are on the webinar today, and we set up this site so that there was one place that consumers could go to get all of the information that they need on housing relief, and this site is consumerfinance.gov/housing. Next slide, please.

The website has information on all kinds of different topics, everything from what forbearance is and how it works, to how to find what type of mortgage you have and check your eligibility for forbearance, how to find help through housing counselors, credit counselors and legal services as well as assistance for renters in terms of how to access rental relief in your state, how to protect yourself using a CDC eviction moratorium and assistance developing a plan to make up your missed rental payments. I'll also just flag here that we're doing a lot of great work to update these sites frequently with more helpful information, so we'd recommend that you check back frequently. Next slide, please.

We also have many of the resources I just mentioned in several different languages, so we have great, short, concise videos on forbearance in both English and Spanish and we have written resources in Spanish, Chinese, Vietnamese, Korean, Tagalog and Arabic. And this is in everything from consumer guides on specific topics to blog posts to our housing portal pages. Next slide, please.

The last resource I'd like to highlight today is a fantastic initiative put together in collaboration with housing counselors, mortgage industry lenders and the CFPB, called the Not Okay/That's Okay Campaign to raise awareness about the mortgage assistance that's available during the pandemic. It has a really great and straightforward message; it's okay to ask for help. I think it's important to remind people that most don't buy a house expecting there to be a global pandemic and it's okay if they need help right now, or really at any time. Next slide, please.

These resources can be found at covidhelpforhome.org and these are some examples of what the resources look like. They're available for free for download, and we really encourage their use by non-profit groups and servicers and anyone else who needs to reach their audience about forbearance resources. These are designed for you, and we encourage you to use them as much as they can be useful to you. They can be adapted for both physical mail or also email or social media, whatever is most useful. Next slide, please.

And finally, what can you do? We're asking you to please put resources in the hands of the consumers who need them. You can share Housing HUD page, consumerfinance.gov/housing. You can share the different resources on the page like our consumer guide or the videos. You can share the covidhelpforhome.org Not Okay/That's Okay resources I just mentioned and you can let us know about other opportunities to get the word out. So if you know of other organizations who might be interested in joining us in these efforts, please let us know. Next slide, please.

Well with that, we've reached the end of the CFPB portion of this presentation. Myself and my colleague, Mark McArdle, who is the Assistant Director of Mortgage Markets at CFPB, are happy to answer a few questions before we pivot to what's going to be a fantastic panel.

We encourage you to submit your questions and also any feedback, and we'd also like to hear about other topics that you'd like to hear from CFPB on in the future. So please share any information you think might be useful to us. Thank you all.

Jane We do have several questions. The first one is a request for clarification on the deadline for the request for initial forbearance. Could you please clarify?

Nora Sure, okay. So it depends a little bit on who is securing your loan, but mortgages backed by FHA, VA and USDA have a March 31st deadline to apply for an initial forbearance, so it's obviously coming up very quickly. Mortgages backed by Fannie Mae or Freddie Mac, otherwise known as the GSEs, do not currently have a deadline for initial forbearance request, but it's something to keep in mind going forward. This is again something that you can get information on on our website in an updated fashion.

Jane Okay, thank you. Another question is, "If a borrower first missed a payment in April 2020 and asked for forbearance for the first time today, will the servicer be required to forbear all missed payments?"

Nora Mark, could you speak to that?

Mark So generally if they put you in forbearance you'll be reported for your delinquency level that you are at. So if you have not requested forbearance at that point you could in theory be reported delinquent for the payments you have missed, but you would be put into forbearance if the servicer allows it. So that's sort of an unusual circumstance, but another sort of good point about why folks who need help should reach out and get assistance as soon as possible because you don't want the delinquency to start to build up.

Jane Okay, thank you. We also had a question about credit score. The question is, "Nora just said no negative impact on credit score. Can you please clarify? I'm aware of many borrowers being unable to refinance and some servicers are sending clarifications that indicate that forbearance status could result in increasing principal balances which is going to harm scores. Also, can you clarify if services are allowed to impose forbearance without a borrower's request?" So two different questions.

Mark So I could talk to one. In general, if you're on active forbearance you're not going to be able to refinance because you basically are suspending your current payments and therefore most of the data agencies have issued guidance about how soon you can refinance after you start resuming payments. But if you're on active forbearance, you will not probably be able to refinance until you start making payments again and that's to make sure that the new loan has an ability to repay.

As to the other question as to credit scoring, what the CARES Act talks about is credit reporting. So you're reported as current to the bureaus. It doesn't sort of govern exactly how FICO and other credit-scoring models may take that into account. So it is possible that there may be some impact, but FICO and others have said there is no impact from forbearance on their credit scores. They have a blog about it which we could point folks to.

Nora, do you have anything else on that?

Nora — No, I think you covered it.

Jane — Okay. Thank you very much. We want to keep on our timetable, so those of you who have written in questions, we will get back with you with responses after the webinar. Thank you so much.

Ben — Okay. At this time I'd like to turn the presentation over to Rob Weber.

Rob

Thank you very much. In regards to the deadline for entering a forbearance, I can only speak for FHA. I'm not sure about the other regulatory bodies that are on the call today, but this is a very recent update that the deadline for FHA forbearances, to answer that, was just recently—in the last couple weeks—extended to June 30, 2021, so a little bit more time than the March 31st deadline. That was the original deadline, but that has been extended so I just wanted to clarify that to clear up any misunderstanding. But I will let the other regulatory advisor guest speakers today speak in regards to that.

So with that, I do want to update everybody about all the changes in the mortgagee letter that was released a couple of weeks ago. Next slide, please.

In addition to the mortgage and eviction moratorium extensions through the end of June that were covered by Nora earlier in the presentation, this last mortgagee letter also expands that forbearance and the loss mitigation options, which I'm going to summarize here, and this applies for the FHA single-family forward mortgages.

One of the most significant changes is that the eligibility for the forbearance expanded to anybody who is impacted directly or indirectly by COVID-19 regardless of their delinquency status. So borrowers just have to contact their loan servicer, say that they were affected by COVID-19 and their lender has to give them that forbearance.

Also, FHA expanded their forbearances so borrowers can have up to two additional three-month forbearance periods or HECM extension periods if they ask for it, and this only applies to borrowers who initiated their forbearance price to June 30th of last year. So for those borrowers, they now can have up to 18 months total for that forbearance period.
That extension cannot extend beyond December 31st of this year, and for borrowers who start their forbearance after June 30th of last year, they only have up to the 12 months for forbearance. And according to the last mortgagee letter, none of these forbearances for FHA mortgage can extend beyond June 30, 2022.

HUD also expanded the eligibility for the FHA loss mitigation options for borrowers who are delinquent or are exiting forbearance so that it has expanded to borrowers who are not in forbearance. So they only have to be delinquent 90 or more days on their mortgage and now those borrowers will also qualify for the COVID-19 loss mitigation options.

HUD also changed its policy on their late fee charges and penalties. The new policy is that loan servicers do not have to waive those late fees if they accumulated prior to March 1, 2020. So if there's any late fees, charges, penalties, that happened after March 1, 2020, those are waived, but anything before then can still be applied.

Finally, the restriction on borrowers receiving more than one COVID-19 home retention option has been lifted. So we know that there's a possibility that borrowers may come out of forbearance, resolve it with one option and then maybe be affected again by COVID-19, maybe they get the virus, have a family member who gets it, their employment is affected, something like that, and so therefore they are eligible to apply for a new home retention option if that happens. Next slide, please.

I'm just going to give a brief overview of those loss mitigation options that include both home retention and home disposition options. This is a waterfall so borrowers will be reviewed in the order that you see on the slides starting with the COVID-19 standalone partial claim. And as Nora mentioned before, but I just want to reiterate, that for FHA the servicers will not require a lump sum payment or a balloon payment at the end of forbearance.

So some more information about the home retention options. Important to know that a trial payment plan is not required for any of these home retention options. Also, if you want to review all of the eligibility information, I'm providing a live link to the mortgagee letter for you to reference later if you want to see all the details.

But some key things to know about the home retention options are it's really up to the borrower to decide if they can or cannot make that payment. The lender can't mandatorily make them take one of these options, so the borrower has the ability to say can't afford or make the payment that's being offered through the standalone partial claim and so then the servicer has to move on to the next option in the waterfall. Also, income documentation is not required for these home retention options except very limited documentation for the last one that FHA-HAMP option.

So for those first three options, they simply will need to affirm they can make the payment going forward and then that would be the option that they're given. But for that FHA-HAMP, this is the option if the first three don't work and so the borrower is showing some income documentation, the lender can plug that into the standard FHA-HAMP calculations, try to get their mortgage payment down to 31% debt-to-income ratio.

There is also a retention option available for borrowers who do not occupy the residence. So these would be borrowers who have a rental property, a secondary residence, a vacation home, something like that, and this is the first time FHA has offered something like this for non-occupant borrowers. They do have to affirm that they've been affected by COVID-19 and the borrower must provide a copy of a rental agreement for the property if applicable and a written statement from the borrower stating that the property's either a rental property that is occupied by a renter or that is a second home or a vacation home. So all of those things would be eligible.

And then there's the home disposition options. These same disposition options that many are going to be familiar with, they are available for those impacted by COVID-19 also. So this would be for those that are not eligible for one of these home retention options, and also they are available for owner occupant and non-owner occupant borrowers alike. Next slide, please.

So while this isn't new, always good to repeat because of how important it is, mortgage servicers must provide their borrowers with notice of the availability of Housing Counseling offered by HUD-approved housing counseling agencies and it must be provided in accessible formats and languages when a borrower communicates communications have been requested by persons with disabilities or persons with limited English proficiency, things like that. So it must provide instructions for locating HUD-approved housing counseling agency in the borrower's area and it must describe housing counseling, its potential benefits for borrowers. Next slide, please.

I just want to give a quick announcement about new COVID-19 outreach materials that have been created to help HUD-approved housing counseling agencies to market the information about the FHA forbearance and relief options that have become available on the internet, especially on social media platforms, so providing a link to those outreach materials that are on the HUD Exchange. It's not required that housing counseling agencies use these, but we hope that you will and that you find them useful. Next slide.

The outreach on social media obviously has become ever-more important due to COVID-19 social distancing guidelines. So the messages here are specifically tailored to come from HUD housing counseling agencies and to be posted online. And we want to convey the message that we understand how important their home is to them, how hard they've worked to keep it and that there is help available and that as housing counselors you're available to help them obtain the assistance they need to keep their home. We have given you the ability to customize these materials. You can add agency-specific logos, contact information at the bottom. Next slide, please.

Just a few more examples of those outreach materials. These examples are the English and Spanish versions, but we also have them in Arabic, Vietnamese, Thai, Tagalog, Samoan, Navajo, Korean, Japanese, Chinese, Cherokee. As housing counselors, we know from experience that communication between servicers and borrowers is not always as effective as it can be so therefore, any outreach about their options that come from you, a trusted resource, a non-profit, can have a great impact. Next slide.

Just a few additional resources. I recommend taking a look at HUD.gov's COVID-19 Resources page. This has information about COVID-19 across all housing programs in HUD's portfolio.

So if you haven't already bookmarked this, we also have on the HUD Exchange a dedicated page for COVID-19 emergency information for housing counselors, and we are regularly adding updates and guidance-related to COVID-19 and information that impacts housing counseling agencies and their clients. And also provided a link here to the latest mortgagee letter, as I mentioned, and if you want to look at the actual source document after the webinar, you're welcome to.

And then also included the FHA's resource center, which has a knowledge base page that has FAQs, lots of useful information, updates regarding these loss mitigation options. And if there's any other questions that aren't answered on the page, there's also the email to the FHA resource center. There's an 800 number which is used quite a bit when there's case-specific questions.

So hopefully you find the information presented useful. I think that's all I have to share and we can move on to the next presenter.

Ben Great. Thank you very much, Rob. We'd like to move on now. But again, if you have any questions for HUD specifically you can type them into the questions box and we'll be able to hopefully get to them today. If not today we'll send you a response later, but we are holding questions until the end with all the presenters.

Next up, I'd like to turn it over to Lori Bowes from the Federal Housing Finance Agency. Lori, the floor is all yours.

Lori Great. Thank you. Okay. Good afternoon, everyone, and thanks for the opportunity to speak today. As was mentioned earlier, I work at FHFA. We're the regulator and conservator for Fannie Mae and Freddie Mac, who are responsible for about half, give-or-take, of the mortgage originations over the past 10 years. We work with them to try to ensure that there are effective policies in place to ensure that borrowers who need assistance with their mortgage are provided that assistance. So today I'm going to offer you a brief overview of the enterprise's loss mitigation program, with a focus on what is available for the COVID-impacted borrowers. Next slide, please.

The first step in receiving mortgage assistance is establishing that the borrower has a hardship. So I won't read every one that's on this page, but I'll say that generally hardships include things like unemployment, reduction in income, long-term or permanent disability or serious illness, death of a homeowner or of a primary or secondary wage owner.

In the case of COVID, of course hardships can include unemployment, reduction in regular work hours, illness-related, a lot of things, especially if it's difficult to establish hardship for COVID of course. So I'll talk to you a little bit about the solutions that may be available to help borrowers stay in their home and bring their mortgage current and also talk a little bit about the solutions for borrowers should they be unable to stay in their home while still avoiding foreclosure. Next slide, please.

In taking assistance, of course the borrower should reach out to their servicer who's the company to which a borrower sends their monthly mortgage payments. Later in the presentation I'll say a few words about some of the other sources of assistance of course beyond servicers, but primarily they should be reaching out to their servicer, and in the next few slides I'll provide an overview of some of the home retention options.

The borrower may need to complete a mortgage assistance application to be eligible for some of these options. Next slide, please.

So for forbearance, of course the bulk of what we're talking about today, as I think most people know quite well, this allows the borrower to make reduced or no payments for a specific period of time. Borrowers who are in forbearance are offered protections on their credit reporting. They're also not charged late fees as long as they are performing according to the terms of the plan.

While in forbearance, if the borrower has the resources they can reinstate their mortgage which would be to pay everything all at once. They can also enter a repayment plan, which allows them to make additional monthly payments over a period of time to cover the past due amounts. Those are generally between three months and a year. And then of course there's payment deferral which is at least for the enterprise's loan the most popular option for exiting forbearance. It allows the borrower to delay repayment of past due principal and interest and other past due amounts which will become due at the earliest of either maturity, the payoff of the loan or a sale or transfer of the property.

This option can be available, but it depends on the delinquency of the borrower at the onset of the declaration of the national emergency so a borrower [indiscernible] less than 60 days delinquent at that time and also borrowers who, in order to enter a payment deferral [indiscernible] need to be able to redeem their monthly mortgage payment. It's possible, however, that that payment may need to be increased in order to cover the escrowed amount for taxes and insurance that were deferred during the forbearance period.

Of course the key benefit for payment deferrals allows the borrower to return their mortgage to being current immediately by delaying or deferring their repayment of past due amounts without changing the terms of the mortgage. Interest is not charged on the past due amounts that are deferred. Next slide, please.

Another key home retention solution that the enterprises have available is the modification that permanently changes some of the terms of the mortgage such as interest rate or the mortgage term. For instance, with some modifications, the term may be extended to 40 years in order to make the numbers on the modification work out.

A key benefit of the modification is that it brings a mortgage current by permanently modifying, as I said, the mortgage terms and it typically results in a lower monthly payment. For instance, the waterfall sets the target at a 20% payment reduction for the borrowers.

Borrowers need to successfully complete three trial plan payments in order to finalize the modification. And then although the modification targets the 20% payment reduction, the reduction may be less than that. However, you can't have a modification that results in an increase in the payment.

Then finally, as I know HUD's talked about and I think there have already been some questions about this note about credit reporting under the CARES Act, special credit reporting applies for consumers impacted by COVID-19. A consumer whose account was not previously delinquent should be reported as current on their loans if they have received accommodations that proves forbearance assuming that they're following the terms of that accommodation. Next slide, please.

So for borrowers who wish to exit their home or who are no longer eligible for home retention options, there are two main options for leaving the home while paying off their mortgage for less than they owe on the mortgage. These will both result in avoidance of foreclosure. The first one is a short-sale. A borrower directly sells their home themselves while working with a realtor. And then in a Deed in Lieu, which is also what's called a mortgage release, the borrower transfers the home to the servicer or actually to the company that owns the mortgage. So it would be Fannie Mae or Freddie Mac. And in both cases the borrower may be eligible for relocation assistance. Next slide.

Of course, Fannie and Freddie both currently have in place a foreclosure moratorium which was recently extended, so the foreclosure moratorium applies to enterprise-backed single-family mortgages. They also have an REO eviction moratorium which applies to properties that have been acquired by the enterprise either through foreclosure or Deed in Lieu foreclosure transactions. And currently the moratorium applies through June 30th of this year.

And then, as was spoken about, there's been a little bit of extension of the forbearance terms and payment deferral. So recognizing that borrowers who are reaching that maximum length of assistance that had been permitted under the original terms of COVID forbearance payment deferral, FHFA worked with the enterprises to be able to provide additional forbearance of three months and then it was extended further. So it effectively resulted in 18 months.

So eligibility for that extension is limited to borrowers who were on a COVID-19 forbearance plan as of February 28, 2021 and other limits may apply, but of course that's just the extended length. That's not to say that you need to be in by that date in order to apply for a COVID-related forbearance. As it's been stated, there's no limitation on that.
And then further with the COVID-19 payment deferral that's available for borrowers with an enterprise-backed mortgage that can now cover up to 18 months of missed payments. The COVID-19 payment deferral offers borrowers to repay their missed payments at the time as I said when the home is sold, refinanced or at mortgage maturity. Next slide, please.

So here I've listed some additional resources. The enterprises have a lot of information on both of their websites and I would encourage you to check that out if you're interested in learning more about some of the options for enterprise loans.

A borrower can enter some basic information in a lookup tool and both of those websites to confirm whether they have a Freddie Mac or Fannie Mae loan, since that's not something they may automatically know. Additionally, FHFA has worked with the enterprises to develop a plethora of resources in multiple languages. There's translations of multiple forms and also some informational material is available in five languages on FHFA's website. I've listed the link there.

And then finally, I want to call your attention to the great resources at HUD and CFPB and I also want to speak to the ability to submit a complaint about the servicing that's being done on a mortgage using CFPB's tool. FHFA has a partnership agreement with CFPB and through that agreement we have the ability to review the complaints and we do look through the complaints to pay attention to what borrowers are saying about what's happening with their mortgages.

So with that, I'll thank you for your attention today and turn it over to the next presenter.

Ben Thank you very much. And now I'd like to turn it over to Richard Kane at the Department of Agriculture.

Richard Thanks, everybody. I just want to say thanks for the invite and the opportunity to speak in front of everybody and talk about our program. One of the things I'll say right off the top is all of our federal partners in USDA have spent a lot of time over the last few years aligning our loss mitigation policy in every way and shape that it makes sense.

So I want to go through bit by bit everything that you've already heard from HUD and from FHFA, but I'll talk about some highlights of our COVID forbearance guidance and then I'll talk about some areas where we are different or where we separate from our federal partners. So if you can just go to the next slide?

So just some highlights similar to FHA. Although the CARES Act expired at the end of March, we did extend our guidance to allow for new borrowers to request assistance in forbearance until June 30th of 2021. That date also includes our foreclosure and eviction moratorium up until June 30, 2021.

The 12-month forbearance borrowers can request, if they request by June 30, 2021 that has to end by June 30, 2022. For select borrowers or for all borrowers who have requested assistance by June 30, 2020 those borrowers are eligible for up to two 90-day forbearance extensions and those forbearances should end by December 31, 2021. Once the borrower is in a forbearance all the same rules apply. They can verbally request assistance and automatically be given that forbearance. They don't have to provide any hardship documentation or anything like that.

When they're ready to start making payments we have two categories of options for borrowers. The first is our disaster guidance, which is designed for borrowers who were current prior to COVID and also are ready to start making their regularly schedule payment either at a flat payment or potentially maybe a small reduction if necessary. Those three options are listed here. The borrower can get a capitalization of all the delinquency into the UPB into the loan and then extend the term out and reduce the rate to give the borrower a flat payment. The other option is the term extension, which is very similar to the GSE's payment deferral program.

The difference that I'll highlight is that the USDA does not allow any kind of balloon payments. It has to be a fully amortized payment. So if you are going to defer any missed payments until the end of the loan, you do have to extend the term, the same number of payments that the borrower has missed to allow them to make those regularly scheduled payments without a balloon.

The last option that we have under our disaster guidance is our mortgage recovery advance only. It's a standalone option. It's very similar to FHA's partial claim. You would just lump all of the borrower's delinquency and any advances on the borrower's account into a partial claim. We would pay that, reimburse the servicer for that amount and then the borrower would just start making their regularly scheduled payments as they did prior to COVID.

Now if a borrower was delinquent prior to COVID or if they need additional payment assistance, maybe their income has changed, they've had a new job, additional hardships, then those borrowers should just be cared for under our traditional loss mitigation guidance, which will allow payment reductions which will allow term extensions, rate reductions and also mortgage recovery advances to target a 31% payment for the borrower to get them to an affordable amount going forward. Those are documentation required modification so the borrower may be asked to sign a hardship affidavit or provide limited income docs in order to qualify for one of those options.

Some areas where we're different from our federal partners, we don't offer any kind of non-occupant retention options for borrowers. So unfortunately if the borrower—if they've moved out of the house or if it's a rental property for them, they are still eligible for assistance under our forbearance guidance. But once they're ready to come off of that forbearance they would either need to make a reinstatement payment or if the servicer or lender could negotiate a limited informal repayment plan they would be able to do that, but all of our modification options would not be eligible for non-occupant borrowers.

The other big difference that we have is our balloon payments. Like I said, we don't allow any balloon payments. So any option that the borrower receives would have to include a fully amortized payment and a term extension to accommodate that.

I'm trying to think if there's anything else. I have our email address on there, SFHglpservicing@usda.gov if you have any questions. You can certainly reach out to us and we're happy to assist in any way, shape or form that we can. And like I said, most of our other guidance is very similar to FHA's guidance and FHFA's guidance.

And at that point, I'll just stop and wait for questions at the end of the presentation. Thank you.

Ben Great. Thank you very much. Next up we have Victoria Arnoldi with the US Department of Veteran Affairs.

Victoria Good afternoon. Thank you for the opportunity to discuss the home retention and alternatives to foreclosures options with you today. With that, I'll just go ahead and jump into the details on those.

So these loss mitigation options are divided into either home retention options or alternatives to foreclosure. Home retention options include a repayment plan, which is where the borrower makes their regular installments each month plus part of the missed installments to eventually bring the loan current.

Another option is a special forbearance. Under this option the servicer agrees not to initiate foreclosure to allow time for the borrowers to repay the missed installments, typically in a bulk payment. Please note this is separate from the CARES Act forbearance.

The VA special forbearance option does require a written agreement between the mortgage servicer and the borrower, whereas the CARES Act forbearance does not. One of the more popular options is a loan modification which provides the borrower with a fresh start by adding the delinquency to the loan balance and establishing a new payment schedule.

Under this option please note that the loan modification option also includes some disaster modification options, which may be of particular benefit to borrowers impacted by the COVID-19 pandemic. VA also has a refund option that is available for eligible borrowers as a loss mitigation option. So a VA refund, which is also known as a VA purchase, may be available when all other home retention options have been exhausted.

Under this option VA may elect to purchase a loan from the mortgage servicer and assume primary servicing responsibilities. So when home retention options are not feasible or if a borrower does not wish to retain the property, the following alternatives to foreclosure can be reviewed.

One of the options is a compromised sale, which is also known as a short sale. This is when the property is sold for less than what it's owned. Another option is the Deed in Lieu of foreclosure which is a voluntary conveyance of a property. Please note that under this option VA does not require for the property to be listed for sale to be considered or approved for the Deed in Lieu.

Servicers may also offer borrowers exiting a CARES Act forbearance a deferment as a loss mitigation option, under which the servicer defers delinquent payments to the loan maturity date or until a borrower pays off the loan. The deferment option is available at the servicer's discretion to any borrower who was current as of March 1, 2020 and fell behind due to COVID-19. The deferment is to be completed with no added cost, fees or interest to the borrower, including no penalty for early payment of the deferred amount.

Also, as mentioned by some other presenters, due to the ongoing COVID-19 national emergency and its impact on the veteran borrowers, all properties secured by VA guaranteed loans, including those previously secured by VA guaranteed loans but currently in VA's acquired property portfolio are subject to a moratorium on foreclosure and eviction through June 30th of 2021.

Lastly, I just want to mention that if a borrower is experiencing a financial hardship or anticipates not being able to make their mortgage payments in the near future, VA strongly encourages them to reach out to their mortgage servicer to discuss available options as soon as possible. It's very critical for them to reach out as soon in the default or expected default as possible.

VA also has a team of experienced loan technicians that are available to assist veterans with mortgage-related questions and can also help borrowers figure out which option might be best for them. VA loan technicians can be reached at the number on the screen, which is 877-827-3702.

Thank you. That concludes this portion of the presentation.

Ben

Great. Thank you very much. At this point we are going to open up for questions. Again, we don't have as much time as we would like to answer every question that comes in, but I'm going to turn it over to the people that have been reading through the questions to read some of the ones that really stuck out.

Jane Okay. Here's a question for Richard, with USDA. "Is it required for the borrower to be on forbearance to apply for a COVID deferral?" We could move on to Lori if Richard's not available.

Richard I apologize. This is Rich. I'm back.

Jane Oh, okay.

Richard I had my mute button back on. Sorry about that. But the answer is no. They don't have to be on a COVID forbearance in order to qualify for that. Our disaster emergency guidance is available for all borrowers. As long as they were current prior to the hardship or the issue, then they would be eligible for that payment deferral as long as they are not provided with a balloon payment at the end of it.

Jane Okay. Thank you very much.

Richard Thank you.

Jane And a follow-up question is, "Can the term be more than 30 years?"

Richard So we allow up to a 40-year extension in our guidance. However, the majority of our loans are securitized by Ginnie Mae Security and Ginnie Mae restrictions obviously would apply to any kind of term extension that's offered to the borrower.

Jane Thank you. Our next question is for Lori. "Please explain what an enterprise single-family home is." Also, another question was, "What is an enterprise-backed mortgage?"

Lori Sure. So as I said, about half of mortgages over the past 10 years are backed by Fannie Mae and Freddie Mac, but it's not something that the borrower might automatically see or be informed of. So they would need to put their information into the lookup tool that's available on I think our website but also definitely each of the enterprise's websites. But as I said, about 70% of mortgages are government-owned or backed and so about 2/3 of those are Fannie Mae and Freddie Mac mortgages.

And as I said, about half of the mortgages originated are Fannie Mae or Freddie Mac-backed. So they don't have a direct to borrower relationship but they're the ones backing the mortgage and so their policies apply and about half of the mortgages in this country fall into that bucket. I hope that answers the questions.

Jane — Thank you so much. We have a question for Rob. "When talking with the borrower does the servicer have to ask the borrower if they can afford their payment moving forward, or do they wait for the borrower to say they can't afford it before moving to the waterfall option?"

Rob — Hi. Am I off mute? Sorry.

Jane — We can hear you.

Rob — Okay. So yes, the borrower has to affirm that they can afford the payment and start making those payments going forward. So if I understand the question correctly, they're asking does the borrower have to say they can or cannot make the payment going forward.

If they can't make it then they have to move on to the next option in the waterfall. So yes, the servicer does have to confirm if they can or cannot for making that option the solution in going forward with that option.

Jane Okay. Thank you. Julie or Ben, do you have any questions you want to highlight from the box?

Ben I do not.

Julie I do not, Jane.

Jane Okay. We have several questions, but some of them are very specific. We do have questions about resources being available in multiple language and that's to all of our speakers today. I believe some of you mentioned that your resources are available in multiple languages, but for those who did not, do you have availability in multiple languages or plans to make those documents available? And that question's for all agencies to [overlapping voices].

Rob Hi. This is Rob from HUD. In regards to our outreach materials, they are in a number of different languages and I believe we're looking at adding some additional languages. If anyone has a recommendation or a need for a specific language that aren't available yet, please reach out to us and let us know. We want to help make sure that our materials are accessible for anyone that needs them.

Jane Thank you, Rob.

Richard I can answer for USDA. We don't actually provide any specific USDA outreach materials but we do link to and refer to HUD documentation in our handbook. So anything that would be available for borrowers as far as outreach materials that the servicer could use from HUD they could use also for our loans.

Jane Thank you, Richard.

Richard Of course.

Jane We did have a request for documents in Punjabi, so that's one idea right there. We do have a question for Rob. "If a borrower isn't affected by COVID-19 but cannot work due to a new medical disability, do they get the same treatment as COVID-19 borrowers?"

Rob So one of the qualifications for the forbearance or for the loss mitigation options that have been specifically made available for COVID-19 impacted borrowers, one of the things that the borrower has to say is that they have been impacted by COVID-19 and it's affected their ability to make payments. But if there's a borrower that's not impacted by COVID-19 but they're struggling to make their payments for another reason, there still is the usual FHA loss mitigation option. Those haven't gone away, so they would still be treated equally in that respect that the servicer would still work with them on those normal loss mitigation options.

Jane | Thank you. I think we can take one more question before our time is up. One moment, please. Excuse me. It was a question for—gosh, I am so sorry here. Oh, for Richard. "Is there any publicly available documents stating that USDA's disaster options apply for COVID hardships?" So kind of a similar question.

Richard | Sure. We issue all of our guidance updates through Gov deliveries and in each of the Gov deliveries that we've issued for COVID we have indicated that all options available on Chapter 18 including our natural disaster guidance are available to assist borrowers that have been impacted by COVID. So that's out there in those Gov deliveries. And certainly if you don't have access to or haven't received those, they're open for anybody that requests them, you can shoot me an email at the email address I provided and we can make sure you get signed up for those.

Jane Very good. Thank you so much. Oh, one last question and this is whoever wants to answer. "What's the difference between a partial claim and a balloon payment?"

Richard So for us—and I'll speak for USDA—a partial claim is an amount that's advanced to pay down the delinquency and then a second lien is created. So USDA would be the mortgagee on that. The borrower would owe us that amount at the end of the maturity of the guaranteed loan, either when it matures or when it pays off and we call that a mortgage recovery advance which acts in the same function as an FHA partial claim.

Rob Yes. In regards to FHA or HUD, it's pretty much the same. The partial claim is when HUD forwards funds in the form of a promissory note to get the loan current again. And then when the home is sold or refinanced then the funds from that sale go to repay that promissory note. But a balloon payment is a lump sum that becomes due at a certain time whether the house gets sold or not. It's just it has a date when the balloon payment is due.

Jane Okay. Very good. Thank you. Ben, I'll turn it over to you now.

Ben

Okay, great. Thank you. Well everybody, I know that there were lots of questions that were asked and we will get to them, get a response back to you as soon as we are able but I'm sure there's a lot of them. So give us a couple of days to get a response to you.

One other thing that we would like you to do before you leave the webinar is also in the same question box that you typed in your questions, let us know how we did on this webinar. We want to know if it was useful to you and your clients and if you'll be sharing this information with your coworkers. Let us know really if this was actionable and beneficial to you and any other comments you want to provide, any suggestions for further webinars on this topic or any other topics are great to hear.

With that, you're able to sign off now. But the last thing I want to mention is that we provided a lot of links in this presentation in the webinar and you can access those links by going over into the same control panel where you're typing in questions and under the handout section there will be a PDF. That PDF is this exact slideshow and you can download that and be able to review the information at your leisure and also have access to those web links that we provided.

Again, thank you all for attending and have a good day. At this time we are going to end the phone call.

Moderator: Ladies and gentlemen, that does conclude the conference. Thank you for your participation and for using AT&T Teleconference Services. You may now disconnect.